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Report Highlights:

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Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1], [MX]

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Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

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WILL YOU BE MY SWEETHEART?

According to sugar producers' calculations, Mexico could have only 230,000 tons of sugar to export, therefore, from the point of view of the National Chamber of Sugar and Distillery Industries (CNIAA) there is an urgent need to negotiate an agreement for sweetener trade with the United States. (Source: *El Financiero*, 2/3/03)

SWEET & LOW

Fiscal year 2003 might come to be known as Black Friday for Mexican sugar producers. According to a source at the Agricultural Secretariat (SAGARPA), Mexican sugar production is expected to decline lightly this year, due to a loss of capital and aging mills. Analysts forecasted that Mexico would not reach its anticipated production levels of 4.8 million tons this season. (Source: *Reforma*, *El Financiero*, 2/3/03)

GRAIN PROTECTION

On January 31, 2003, the Coordinator of the Permanent Agrarian Council (CAP), Rafael Galindo, enumerated the main demands from farmers: 1) the renegotiation of NAFTA's agricultural chapter; 2) new public policies that allow producers access to adequate financing; 3) better prices, qualification and technological support, among others. The CAP also called for a new approach to a farmland reform and to effective protection to migrant workers. (Source: *Reforma*, 2/3/03)

GOM CONTEMPLATES CLOSING BORDERS TO U.S. TRUCKS

PRI legislators reiterated their demand that the GOM close its borders to U.S. trucks because the USG has not heeded a ruling to open its borders as sanctioned per the NAFTA charter. (Source: *El Financiero*, 1/31/03)

BEAN CONTROVERSY

"Closing the border to beans generates tension," said Amy Philpott, director of marketing research for the United States National Bean Council. Ms. Philpott noted that the closing of the borders to U.S. beans could generate gargantuan commercial tension with Mexico. (Source: *Reforma*, 1/31/03)

CATTLE FARMERS ADD TO THE LONG LIST OF ANTI-DUMPERS

On January 30, 2003, Juan Barrio Aguirre, President of the Mexican Cattle Association (AMEG), said that Mexican cattle producers would file an anti-dumping complaint against U.S. exporters of cattle products in the next few days. (Source: *El Financiero*, 1/31/03)

FDA IMPLEMENTS STRINGENT FOOD SAFETY REQUIREMENTS

On January 30, 2003, the Food and Drug Administration (FDA) presented a number of dramatic measures to protect United States citizens from terrorist attacks through the food supply. These measures include that food importers would have to notify the FDA about the arrival of their products in the United States a day in advance, and the registration with products like fruits, vegetables, and snacks. (Source: *Reforma*, 2/3/03)

NO MORE BEANS

Mexico has closed its borders to the importation of U.S. and Canadian beans for an indefinite period, on the grounds that beans from non-NAFTA countries have been illegally entering Mexico. Javier Trujillo Arriaga, director for the National Agricultural Health and Quality Service (SENASICA), said that the GOM was attempting to protect Mexican farmers from illegal agricultural imports. (Source: *Reforma*, 1/31/03)

WE ACCEPT

On January 31, 2003, the Institutional Revolutionary Party (PRI) accepted the executive branch's proposal to discuss the rural sector's proposals and said it was willing to negotiate with Secretary of Agriculture, Javier Usabiaga. The PRI decided not to go to the January 31st *megamarcha* (agricultural protest in Mexico City), but said that they already accepted the call from the federal government to attend a national dialogue and obtain the commitment of Secretary Usabiaga, in exploring the implementation of new agricultural subsidies to take effect as early as March of this year. (Source: *Diario Milenio*, 2/1/03)

BEANS AND CORN MUST BE EXCLUDED

On January 31, 2003, Mexico City's Zocalo (Mexico equivalent of Capitol Hill) served as the Amen corner to thousands of farmers, who demanded that beans and corn be excluded from NAFTA's agricultural chapter. Within the framework of the commercial deal with the United States and Canada, the lowering of duties on both grains will take effect in 2008. Alberto Gómez, leader of the farming group "The Farmland Can't Stand Anymore," said that the meeting was an assembly of thousands who wanted beans and corn to be left out of the commercial treaty in hopes of protecting food sovereignty and not being dependent on foreign food producers. (Source: *Reforma*, 2/1/03)

MAYBE WE CAN HELP

On January 31, 2003, the Mexican House of Representatives offered to help in NAFTA talks. The President of the House of Representatives' Executive Board, Eric Villanueva Mukul, announced that in the upcoming days he would summon his colleagues in the United States and Canada to open a serious discussion on the agricultural policies for the three countries. Mr. Villanueva Mukul said, "as true partners we must plan common agricultural practices that benefit us all." (Source: *Milenio Diario*, 2/1/02)

NAFTA IS NOT WHAT'S HURTING SMALL PRODUCERS

"The lowering of NAFTA duties do not impact us," affirmed Juan Antonio Ruiz, Under Secretary of Rural Development of the Secretariat of Agriculture, who considered that the possible negative impact of trade opening in the Mexican farmland has been outrageously magnified by political agendas. Mr. Ruiz added, "it is exceptionally dangerous to affirm that small producers will be devastated by the 2 percent lowering of duties." (Source: *El Universal*, 2/1/03)

NO MORE RENEGOTIATION-TALK

On January 31, 2003, the Corporate Coordinating Council (CCE) said it would defend NAFTA benefits to Mexico's agricultural sector. The private sector announced it would participate in the discussion round for the Farmland State Policy, but clarified that its official position was to avoid NAFTA renegotiations talks at all costs. (Source: *El Financiero*, 2/1/03)

JOB DISPLACEMENT DUE TO NAFTA

On January 31, 2003, a farm worker "national farm work pact" was issued against NAFTA. The Fox administration lost 382,631 jobs in 2001 and only created 268,000, according to registries of the Mexican Social Security Institute (IMSS). Regarding farmers' demands, workers' unions committed to add themselves to the demands to renegotiate NAFTA's agricultural chapter. (Source: *El Financiero*, 2/1/03)

CONGRESS WANTS TO CLOSE THE BORDER

"Close the border," said some members of Congress. On January 31, 2003, congressional leaders discussed a legislative decree with the federal government to temporarily prohibit the entrance of motor transportation coming from the United States to Mexico. The measure is in retaliation against the United States who, since 1995 has prevented accessibility to the Aztec transportation group. Moreover, the order from the panel also came about due to many recent controversies involving the EPA's Clean Air Act, which was received as a new protectionist measure by Mexican carriers traveling to the United States. (Source: *El Financiero*, 2/1/03)

GARZA AND USABIAGA DISCUSS NAFTA

On January 29, 2003, the United States Ambassador to Mexico, Tony Garza, met with Secretary of Agriculture, Javier Usabiaga, to express his concern about the social unrest and farming group demonstrations urging the executive to renegotiate NAFTA's agricultural sector. The Ambassador Garza requested the GOM's official position and together discussed the implications NAFTA would have in the Mexican rural sector and what this would mean to both countries and the future of trade. (Source: *La Jornada*, 2/1/03)

"MEXICANS ARE SUBSIDIZING U.S. FARMERS"

On January 31, 2003, PRD Congressman Sergio Acosta, said Mexico's partial repayment of water to the United States will provoke social unrest, because it is indirectly subsidizing U.S. farmers. (Source: *Universal*, 2/3/03)

"CONFIDENCE" IN GOVERNMENT POLICIES

The new Secretary of Economy, Fernando Clariond Canales, seems to have discovered a cure-all solution to the serious problems that affect the rural sector. His solution is based mainly on "confidence"; but not on the confidence of which the government will provide greater resources to support farmers, far from it, in the one to establish congruent policies with economic, political and social reality of those that cultivate the land. Secretary Canales arrives to the nation's capital a babe in the woods, full of exuberance and ideals yet to be tested by true adversity. (Source: *El Financiero*, 2/2/03)

MEGA-MARCHA UPDATE

On January 31, 2003, approximately 50,000 people marched against NAFTA's agricultural chapter in what has come to be known as the "*megamarcha*." Estimates vary on the exact amount of protesters, but approximately 50,000 people from different states, marched in pursuit of solutions to poverty and marginalization that is experienced in the rural sector. Many believe that through the renegotiation of NAFTA's agricultural chapter, most of these problems will magically disappear. The protest was headed by leaders like Alberto Gomez, Víctor Suárez and Víctor Quintana, of the farming groups, "The Farmland Can't Stand Anymore," as well as Rafael Galindo, of the Permanent Agrarian Council (CAP); Alfonso Ramirez Cuellar, of *El Barzón*; and Alvaro Lopez, of the National Union of Agricultural Workers. (Source: *El Universal*, 2/1/03)

MEXICO URGES DEVELOPMENT OF THE ALL-AMERICAN CANAL

In response to a diplomatic note sent by the GOM, the USG agreed to reconsider the reinforcement of the U.S. side of the All-American canal, due to risks to the regional ecosystem and agriculture in the Mexicali Valley. Baja California Governor, Eugenio Elorduy Walther, said that Mexican Ambassador Alberto Szekely had received a quick and positive response from the United States regarding the request. According to Governor Elorduy Walther, if the canal is not developed, 15,000 hectares (6,070.5 acres) in the Mexicali Valley stand to suffer dire consequences from the lack of irrigation. (Source: *El Financiero*, 2/3/03)

FARMERS SEEK POLITICAL ASSYLUM

On February 1, 2003, Mexican farmers sought asylum in the United States. Farmer members of the movement "The Farmland Can't Stand Anymore," petitioned political asylum to the USG. They claimed to be politically persecuted by GOM. The request will be presented to the American consulate in Ciudad Juárez. The legal adviser of this organization, Sergio Conde Varela, said that so far, almost 40 farmers have opted to make this request and are preparing corresponding documents to present them to U.S. consular authorities. (Source: *Milenio Diario*, 2/3/03)

"NO MORE SUBSIDIES!"

On January 30, 2003, President Vicente Fox announced that as a result of the bilateral negotiations that have been maintained with several chief executives, Mexico moved forward its proposal to have developed nations eliminate agricultural subsidies, and reiterated that his government would be side-by-side with Mexican producers to assure they feel protected. President Fox assured that Germany was aware of his request to eliminate subsidies. Nevertheless, it recognized that nations like the United States, Japan and some European nations would defend the delivery of resources to their producers. (Source: *Reforma*, 1/31/03)

POLITICAL PARTIES SCRAMBLE FOR THE RURAL SECTOR

On January 30, 2003, the PRI showed its disposition to analyze with the federal government an alternative to solve the crisis of the Mexican rural sector; on the other hand, leaders of the Permanent Agrarian Council (CAP) and the movement "The Farmland Can't Stand Anymore" went to the PAN's national headquarters to request the endorsement of the party and its proposals to solve the rural sector crisis. Additionally, the national PRD leader was certain that the farm group demonstrations are testament that Vicente Fox's government has yet to listen to farmers' cries. PRD further stated that the farming groups have legitimate problems that demand immediate attention. Today, Congress is the loyal opposition; a watchdog to ensure the balance of powers. (Source: *Reforma*, 2/1/03)

NO MORE MONEY

On February 1, 2003, Secretary of the Economy, Fernando Canales, said the GOM would not reassign more money to agriculture than what was determined in this year's budget, and therefore, any resources deriving from the "US-Mexico Partnership for Prosperity" would be welcome. (Source: *El Financiero*, *La Jornada*, 2/3/03)

DON'T YIELD TO THE BLACKMAIL

On February 2, 2003, Senators of PRI and PRD reiterated that NAFTA's agricultural chapter was due for review. The federal government must be open to the demands and disagreement expressed at the *megamarcha* farmer mobilization, and in that sense request the immediate renegotiation of NAFTA's agricultural chapter. The coordinating PRD member, Jesus Ortega noted that the Fox administration does not have to yield to the blackmail made by U.S. Ambassador, Tony Garza. (Source: *La Jornada*, 2/3/03)

"TAKE THE MONEY AND LEAVE US ALONE"

On January 31, 2003, Secretary of Economy, Fernando Canales Clariond, promised farmers of the General Workers Union financial support by 50 million pesos (USD 4.5 million) in farm credit funds. With this act of generosity, he avoided the closure of the Secretariat by farmers. They only remained there for a short time and then congregated in the *Zócalo Capitalino*. (Source: *Reforma*, 2/2/03)

HOMESTATE RESIDENTS CRY OUT AGAINST FOX

On February 2, 2003, about 400 members of the farming group Alliance Revolutionary Farmer of San Cristobal, in the State of Guanajuato requested the renegotiation of NAFTA's agriculture chapter and amnesty for more than 200 farmers in Guanajuato. Under the slogan: "Fox, understands, the farmland can not be sold," the angry mob cried and protested across the state capital. (Source: *La Jornada*, 2/3/03)

PERMANT AGRARIAN CONGRESS HIDALGO THREATENS TO STRIKE BACK

On February 2, 2003, in Pachuca, in the state of Hidalgo, the coordinator of the Permanent Agrarian Congress (CAP) in Hidalgo, Isidro Pedraza Chávez, announced that actions would be evaluated to take the federal government's demand to renegotiate NAFTA's agricultural chapter. He warned that more drastic measures would be taken, like the blockade of highways, to make the rural sector's demand known. (Source: *Reforma*, 2/3/03)

TURKEY WANTS TO JOIN NAFTA

In hopes of balancing its trade balance with Mexico and gain preferential access to the North American market, Turkey will look to integrate into NAFTA or to sign a bilateral agreement with Mexico, revealed the Turkish Ambassador, Mehmet Nuri Ezen. (Source: *Milenio Diario*, 2/3/03)

REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY

Number	Title	Date
MX3015	Deciduous Fruit Semi-Annual Report	01/27/03
MX3016	Update- Poultry Agreements on Newcastle Disease to Export to Mexico	01/28/03
MX3017	Hot Bites Issue #4	01/29/03

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